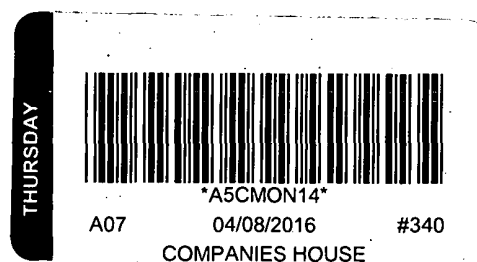


Drone Hill Wind Farm Limited
Annual Report and Financial Statements

For the year ended 31 December 2015

Registered Company Number: SC272941



Drone Hill Wind Farm Limited

Annual Report and Financial Statements

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Drone Hill Wind Farm Limited

Company Information

Directors	C Dogos-Docovitch L Fumagalli S Lilley C Manser C Lee (appointed 23 October 2015) P McHale (resigned 31 July 2015)
Administrator and company secretary	Heritage Administration Services Limited The Innovation Centre Northern Ireland Science Park Queen's Road Belfast BT3 9DT
Registered office	Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
Bank	Ulster Bank 11-16 Donegall Square East Belfast BT1 5UB
Registered auditor	Ernst & Young LLP 16 Bedford Street Belfast BT2 7DT

Drone Hill Wind Farm Limited

Strategic Report (continued)

Introduction

The Directors present the Strategic Report of Drone Hill Wind Farm Limited (the "Company") for the year ended 31 December 2015 which has been prepared in accordance with the requirements of Section 414(c) of the Companies Act 2006.

Principal activity

The Company is involved in the generation of renewable electricity from the operation of its 28.6 MW wind farm in Scotland. All sales of electricity are made to Statkraft Markets GmbH ("Statkraft") under the terms of a long term Power Purchase Agreement ("PPA").

Review of the business

The Company has performed above management expectations in terms of energy production and in line with expectations for operational expenditure and overall cash flow generation.

During the year, energy generation was 14 per cent. above budget at 67,504 MWh owing to high wind resource. However, the average power price during the year was below budget with the result that turnover was consistent with budget at £5.7 million (2014: £5.0 million).

Health and safety

There were no incidents to report in the year to 31 December 2015 (2014: nil).

Key performance indicators

The Directors believe that the following indicators will provide shareholders with sufficient information to assess how effectively the Company is performing, as they indicate the Company's ability to generate electricity.

	Year ended 31 December 2015	Year ended 31 December 2014
Generation (MWh)	67,504	57,947
Turnover	£5.7m	£5.0m
Profit on ordinary activities before tax	£2.9m	(£2.8m)

Principal risks and uncertainties

The principal risks facing the Company are:

Regulation

If a change in Government renewable energy policy were to be applied retrospectively to current operating projects this could adversely impact the market price for renewable energy or the value of the green benefits earned from generating renewable energy.

The Government has made changes to the regulatory framework for new projects being developed but has consistently maintained the framework that supports existing operating projects in order to ensure continuing ongoing investment in UK regulated infrastructure. This principle of "grandfathering" existing subsidy accreditation was confirmed in the Energy Act 2013.

Drone Hill Wind Farm Limited

Strategic Report (continued)

Principal risks and uncertainties (continued)

Regulation (continued)

Notwithstanding this, the loss of the Climate Change Levy exemption for renewable electricity announced in the July 2015 Budget and effective from 1 August 2015 had a negative impact on turnover, this was largely offset by announced reductions in the corporation tax rate.

Wind resource

Lower than anticipated wind speeds may result in less electricity generation. Wind conditions will vary across seasons and years. Although the Company does not have any control over wind resource, it ensures that there are adequate financial reserves in place to ensure it can withstand significant short term variability in production relating to wind resource.

Asset life and operational issues

Wind turbines may have shorter life-spans than their expected 25 years. In addition, technical issues may arise on plant and equipment which may cause significant down-time of turbines, business interruption and lost revenues. To mitigate this risk, regular reviews are undertaken by third party contractors to ensure that maintenance is performed on all wind turbines to ensure they are in good working order and fit for purpose over their expected life spans. In addition the Company has taken out appropriate plant, equipment and business interruption insurance to reduce the potential financial impact of operating risks.

Off-take arrangements and power prices

The Company has a long term PPA in place which guarantees that electricity generated can be sold. Approximately half of the Company's revenues are derived from inflation-linked renewable support mechanisms, which are not linked to power prices.

Health and safety

The physical location, operation and maintenance of wind farms may, if inappropriately assessed and managed, pose health and safety risks to those involved. Wind farm operation and maintenance may result in bodily injury or industrial accidents, particularly if an individual were to fall from height. If an accident were to occur and if the Company was deemed to be at fault, the Company could be liable for damages or compensation to the extent such loss is not covered under insurance policies. In addition, adverse publicity or reputational damage could ensue. To mitigate this risk a leading health and safety consultant has been engaged to ensure the ongoing appropriateness of the Company's health and safety policies. This process is overseen by a Health and Safety Director. The Board also reviews health and safety performance at each of its scheduled Board meetings.

Drone Hill Wind Farm Limited

Strategic Report (continued)

Principal risks and uncertainties (continued)

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company adopts a prudent approach to liquidity management and to mitigate against cash flow and liquidity risk it continuously monitors forecasted and actual cash flows and maintains sufficient cash reserves to meet its obligations. The Company's main exposure to credit risk is its cash balances with banks and trade receivables. This risk is mitigated through using banks with investment grade credit ratings and entering into a PPA with a credit worthy off-taker.

Future developments

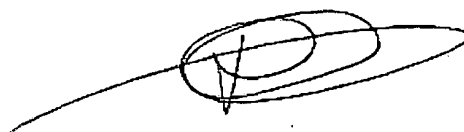
The Directors expect the activity and performance of the Company to be satisfactory in the forthcoming year and are not aware of any potential circumstance that would adversely affect operations. Details of significant events since the year end are contained in note 17 of the financial statements.

On behalf of the Board:



S Lilley
Director

17 June 2016



C Dogos-Docovitch
Director

17 June 2016

Drone Hill Wind Farm Limited

Directors' Report (continued)

The Directors present their Annual Report and the audited financial statements of the Company for the year ended 31 December 2015.

Directors

The Directors who were in office during the financial year and up to the date of this report are listed on page 1. In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation. Directors' and Officers' liability insurance cover is in place in respect of the Directors.

Results for the year

The results for the year ended 31 December 2015 are set out on page 10. The Statement of Financial Position as at 31 December 2015 is set out on page 11 and indicates net assets of £2.5m (2014: £nil).

Dividends

There were no dividends paid during the year (2014: nil) and the Directors do not recommend the payment of a final dividend (2014: £nil).

Going concern

The Company has cash balances of £0.7m (2014: £0.9m) and net current liabilities of £29.5m (2014: £33.5m). Net current liabilities include a shareholder loan of £32.1m (2014: £36.3m). The Directors have a reasonable expectation that the shareholders will continue to support the Company and that it has adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Auditor

In accordance with Section 485-488 of the Companies Act 2006, the auditor, Ernst & Young LLP, will be deemed to be reappointed and therefore will continue in office.

Disclosure of information to auditor

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Events after the end of the reporting period

Information relating to events since the end of the reporting period is given in note 17 to the financial statements.

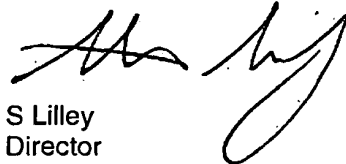
Drone Hill Wind Farm Limited

Directors' Report (continued)

Disclosure in the Strategic Report

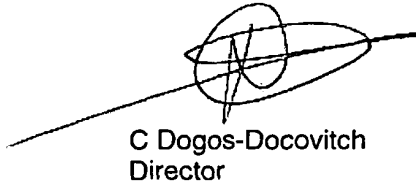
The principal activities, a review of the business, key performance indicators, principal risks and uncertainties including financial risk management objectives and policies and future developments of the Company have not been included in this report as they are disclosed in the Strategic Report.

On behalf of the Board:



S Lilley
Director

17 June 2016



C Dogos-Docovitch
Director

17 June 2016

Drone Hill Wind Farm Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 ("FRS 102") 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Drone Hill Wind Farm Limited

We have audited the financial statements of Drone Hill Wind Farm Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report to the Members of Drone Hill Wind Farm Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Keith Jess (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

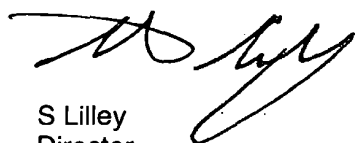
Belfast

7 July 2016

Drone Hill Wind Farm Limited
Statement of Financial Position
As at 31 December 2015

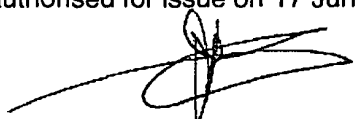
	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	7	<u>31,983</u>	<u>33,455</u>
Current assets			
Debtors	9	2,176	2,321
Cash at bank		<u>676</u>	<u>893</u>
		2,852	3,214
Creditors:			
Amounts falling due within one year	10	<u>(32,363)</u>	<u>(36,669)</u>
Net current liabilities		<u>(29,511)</u>	<u>(33,455)</u>
Total assets less current liabilities		<u>2,472</u>	<u>-</u>
Provisions for liabilities	11	-	-
Net assets		<u>2,472</u>	<u>-</u>
Capital and reserves			
Called up share capital	12	1	1
Share premium account	12	3,898	3,898
Profit and loss account		<u>(1,427)</u>	<u>(3,899)</u>
Shareholder's funds		<u>2,472</u>	<u>-</u>

Approved and signed by the Board of Directors of Drone Hill Wind Farm Limited (company registration number SC272941) and authorised for issue on 17 June 2016.



S Lilley
Director

17 June 2016



C Dogos-Docovitch
Director

17 June 2016

The notes on pages 14 to 25 form an integral part of these financial statements

Drone Hill Wind Farm Limited
Statement of Comprehensive Income
For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	3	5,704	4,992
Operating expenses		<u>(2,840)</u>	<u>(2,925)</u>
Operating profit		<u>2,864</u>	<u>2,067</u>
Net interest receivable/(payable)	4	<u>1</u>	<u>(4,833)</u>
Profit/(loss) on ordinary activities before tax	5	2,865	(2,766)
Tax (charge)/credit on profit/(loss) on ordinary activities	6	<u>(393)</u>	<u>163</u>
Profit/(loss) and total comprehensive income for the year		<u>2,472</u>	<u>(2,603)</u>

The above results derive wholly from continuing operations.

The notes on pages 14 to 25 form an integral part of these financial statements

Drone Hill Wind Farm Limited
Statement of Changes in Equity
For the year ended 31 December 2015

	Note	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Balance at 31 December 2013		1	3,898	(1,296)	2,603
Changes on transition to FRS 102	18	-	-	-	-
Balance at 1 January 2014		1	3,898	(1,296)	2,603
Changes in equity					
Loss and total comprehensive income for the financial year		-	-	(2,603)	(2,603)
Balance at 31 December 2014		1	3,898	(3,899)	-
Changes in equity					
Profit and total comprehensive income for the financial year		-	-	2,472	2,472
Balance at 31 December 2015		1	3,898	(1,427)	2,472

The notes on pages 14 to 25 form an integral part of these financial statements

Drone Hill Wind Farm Limited
Statement of Cash Flows
For the year ended 31 December 2015

		2015	2014
	Note	£'000	£'000
Cash flows from operating activities			
Net cash flows from operating activities	14	3,924	(955)
Cash flows from investing activities			
Net cash inflows from investing activities		-	46
Cash flows from financing activities			
Loan received from SYND Holdco		-	36,433
Repayment of loan from SYND Holdco	10	(4,141)	(295)
Repayment of amounts owed to former group undertakings		-	(53)
Repayment of bank loan		-	(21,478)
Repayment of loan from former immediate parent company		-	(13,857)
Net cash flows from financing activities		(4,141)	750
Decrease in cash and cash equivalents		(217)	(159)
Cash and cash equivalents at the beginning of the year		893	1,052
Cash and cash equivalents at the end of the year		676	893

The notes on pages 14 to 25 form an integral part of these financial statements

Drone Hill Wind Farm Limited

Notes to the Financial Statements

For the year ended 31 December 2015

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) General information and basis of accounting preparation

The Company is a limited liability company incorporated and domiciled in the United Kingdom ("UK") under the Companies Act 2006. The address of its registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

The financial statements of the Company have been prepared on the historical cost basis and in accordance with UK Generally Accepted Accounting Practice, including Financial Reporting Standard 102 ("FRS 102") - the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015. These financial statements for the year ended 31 December 2015 are the first for the Company that comply with FRS 102. As disclosed in note 18, the date of transition to FRS 102 is 1 January 2014. The transition to FRS 102 has resulted in no measurement differences.

The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

b) Functional and presentational currency

The financial statements are denominated in pounds sterling ("£") rounded to the nearest thousand unless otherwise stated, as this is the functional currency of the Company.

c) Going concern

As disclosed in the Directors' Report, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Drone Hill Wind Farm Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2015

1. Accounting policies (continued)

d) Turnover

Turnover is recognised exclusive of Value Added Tax ("VAT") and consists of sales of renewable energy together with revenue earned under the Renewable Obligation Certificate ("ROCs"), Embedded Benefits and, until 1 August 2015, the Levy Exemption Certificates ("LECs") regime. ROCs and LECs revenue is based on units generated during the year.

e) Foreign currency translation

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the individual transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate ruling at the reporting date are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are not carried at fair value are not subsequently restated and are carried at the rate of exchange at the date they are acquired.

f) Interest receivable and payable

Interest on loan amounts used for capital expenditure during the construction phase of assets are capitalised according to the nature of the capital expenditure.

g) Operating leases

Where the Company is the lessee, and the lessor maintains a significant portion of the risks and rewards related to ownership of the lease is recorded as an operating lease. Lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the life of the lease.

h) Tangible assets

Operating wind farms consist of wind turbines and the balance of plant, including substations, and are stated at acquisition cost, net of accumulated depreciation and impairment losses. Costs included amounts payable to third party contractors for the construction of wind farms and other costs that were directly attributable to bringing assets into working condition for their intended use.

Financing costs which were directly attributable to the construction of wind farms were capitalised as part of the costs of those assets.

Drone Hill Wind Farm Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2015

1. Accounting policies (continued)

h) Tangible assets (continued)

Depreciation is provided on all tangible assets, at rates calculated to write off the cost, less estimated residual value, on a straight-line basis over their expected useful lives. Costs incurred in obtaining the lease of land is included in the cost of land and depreciated on a straight line basis. The following expected useful lives are used for calculation of depreciation:

- Buildings - 26 years
- Plant and machinery – 25 years

Depreciation commences when the asset becomes ready for its intended use. The residual values, if not insignificant, and remaining useful lives are reassessed at each reporting date. When parts of an item of tangible assets have different useful lives, those components are accounted for as separate items of tangible assets. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are recognised within other income/(expenditure) in the Statement of Comprehensive Income.

The Company's tangible assets are assessed for indicators of impairment at each balance sheet date. An impairment is recognised where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated carrying value of the asset exceeds its recoverable amount.

i) Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Statement of Financial Position when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

The carrying amounts of financial instruments reflected in the financial statements are reasonable estimate of fair value in view of their nature or the relatively short period of time between their original and expected realisation.

Financial assets

Cash and cash equivalents comprise cash balances or deposits held on call with banks, or other short-term highly liquid investments with original maturities of three months or less.

All financial assets are initially recognised at fair value less transaction price. All purchases of financial assets are recorded at the date on which the Company became party to the contractual requirements of the financial asset.

At the end of each reporting period, financial assets are measured at amortised cost and assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is recognised in the Statement of Comprehensive Income.

Drone Hill Wind Farm Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2015

1. Accounting policies (continued)

i) Financial instruments (continued)

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership;
- when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Financial liabilities

All financial liabilities are initially recognised at fair value less transaction price incurred and are recorded on the date on which the Company becomes party to the contractual requirements of the financial liability.

The Company's financial liabilities are subsequently measured at amortised cost and include trade and other creditors.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is credited or charged to the Statement of Comprehensive Income.

j) Called-up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

k) Tax

Tax for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax is charged or credited to Statement of Comprehensive Income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Statement of Comprehensive Income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Drone Hill Wind Farm Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2015

1. Accounting policies (continued)

k) Tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are not discounted.

2. Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Recoverability of tangible assets

Management have made key assumptions regarding wind yield assessments, securing the customer under the PPA and the UK inflationary environment which directly impact the future economic benefits to be derived from the tangible assets. Changes in these assumptions affect the carrying values of tangible assets. Management expect the future economic benefits that will result from the use of the tangible assets will exceed the cost of the investments and thus the cost of the tangible assets are recoverable.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. The likelihood of such recoverability is dependent on the generation of sufficient future taxable profits which deferred tax assets can be utilised to offset.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty and changes in the circumstances may alter expectations, which may impact the amount of deferred tax recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, the carrying amount of recognised deferred tax may require adjustment, resulting in a corresponding charge or credit to the Statement of Comprehensive Income.

Recognition of Recycled ROCs

Recycled ROC revenue is estimated on the basis of market data and is accrued in the period when the associated electricity is supplied.

Drone Hill Wind Farm Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2015

3. Turnover

	2015	2014
	£'000	£'000
Turnover	<u>5,704</u>	<u>4,992</u>

4. Net interest receivable/(payable)

	2015	2014
	£'000	£'000
Bank interest receivable/(payable)	1	(4,187)
Interest payable to former group companies	-	(638)
Foreign exchange loss	-	(8)
	<u>1</u>	<u>(4,833)</u>

5. Profit on ordinary activities before tax

Profit on ordinary activities before tax is stated after charging the following:

	2015	2014
	£'000	£'000
Depreciation of tangible assets (note 7)	1,363	1,337
Operating lease rentals (note 13)	122	104
Auditor's remuneration for audit of financial statements	<u>8</u>	<u>8</u>

The Directors received no remuneration for their duties in respect of the Company for the current or prior year. There were no employees in the Company in the current or prior year and therefore no employee costs.

Drone Hill Wind Farm Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2015

6. Tax on profit on ordinary activities

Analysis of the tax charge

	2015 £'000	2014 £'000
Current tax		
Current tax charge	-	-
Deferred tax		
Adjustment in respect of prior periods	(684)	(25)
Origination and reversal of timing differences	531	595
Losses utilised	553	(692)
Effect of rate change	(7)	(41)
	<u>393</u>	<u>(163)</u>
 Tax charge/(credit) on profit on ordinary activities	 <u>393</u>	 <u>(163)</u>

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2015 £'000	2014 £'000
Profit/(loss) on ordinary activities before tax	<u>2,865</u>	<u>(2,766)</u>
 Tax charge on profit on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.49%)	 580	 (594)
Effects of:		
Capital allowances in excess of depreciation	(531)	(595)
Disallowable expenditure	34	25
Losses carried forward	470	51
Group relief for no consideration	-	421
Adjustment in respect of prior periods	(684)	(25)
Origination and reversal of timing differences	531	595
Effect of rate change	(7)	(41)
 Tax charge/(credit) for the year	 <u>393</u>	 <u>(163)</u>

The deferred tax balance at the year end reflects the amount of corporation tax expected to be paid in future periods at the tax rate expected in those periods. The substantively enacted rate at year end is 18%. The Finance Act 2015, which received Royal Assent in November 2015, reduced the main rate of corporation tax from 1 April 2017 to 19%, and from 1 April 2020 to 18%. Subsequently the Finance Bill 2016, which was published on 26 March 2016 proposed a reduction in the main rate of corporation tax from 1 April 2020 to 17%.

Drone Hill Wind Farm Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2015

7. Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2015	675	36,154	36,829
Disposal	-	(109)	(109)
At 31 December 2015	<u>675</u>	<u>36,045</u>	<u>36,720</u>
Accumulated depreciation			
At 1 January 2015	(88)	(3,286)	(3,374)
Charge for the year	(24)	(1,339)	(1,363)
At 31 December 2015	<u>(112)</u>	<u>(4,625)</u>	<u>(4,737)</u>
Net book value			
At 31 December 2015	<u>563</u>	<u>31,420</u>	<u>31,983</u>
At 31 December 2014	<u>587</u>	<u>32,868</u>	<u>33,455</u>

The amount of the capitalised interest within the cost of tangible assets is £2,281,000 (2014: £2,281,000).

8. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2015 £'000	2014 £'000
Financial assets		
Measured at cost		
Debtors (note 9)	1,594	1,358
Cash and cash equivalents	<u>676</u>	<u>893</u>
	<u>2,270</u>	<u>2,251</u>
	2015 £'000	2014 £'000
Financial liabilities		
Measured at cost		
Creditors (note 10)	<u>32,363</u>	<u>36,669</u>

Further details on the Company's credit, cash flow and liquidity risk are covered in the Strategic Report.

Drone Hill Wind Farm Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2015

9. Debtors

	2015 £'000	2014 £'000
Accrued income	1,459	1,226
Prepayments	51	36
Other Debtors	3	-
VAT recoverable	31	34
Deferred tax asset	500	893
Bonds	132	132
	<u>2,176</u>	<u>2,321</u>

The deferred tax asset represents the expected future tax benefit of available tax losses less accelerated capital allowances.

10. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Loan from SYND Holdco Limited	32,129	36,270
Trade creditors	128	275
Accrued expenses	106	124
	<u>32,363</u>	<u>36,669</u>

On 22 August 2014, under the terms of a Shareholder Loan Agreement, SYND Holdco Limited ('SYND Holdco') provided a loan to the Company. The loan is unsecured, interest free and repayable on demand. During the year the Company made loan repayments of £4,141,000 (2014: £294,745) and at the year end the outstanding balance on the loan was £32,129,011 (2014: £36,270,011).

Drone Hill Wind Farm Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2015

11. Provisions for liabilities

	2015 £'000	2014 £'000
Decommissioning provision		
At the beginning of the year	-	556
Credit in year	-	(556)
At the end of the year	-	-

At 31 December 2014, the Directors removed the provision for decommissioning the turbines and restoring the wind farm site on the basis that such a provision does not accurately reflect the current financial affairs of the Company. The Directors believe that they will more appropriately determine the likely costs of decommissioning closer to the end of the turbines' useful economic lives and will reassess the requirement for a provision annually thereafter.

12. Called up share capital

Allotted, issued and fully paid:

Number	Class	Nominal value	2015 £'000	2014 £'000
100,000	Ordinary shares of £0.01 each	0.01	<u>1</u>	<u>1</u>

No shares were issued or redeemed during the year (2014: nil). There is a single class of ordinary shares with no restrictions on the distribution of dividends and the repayment of capital.

Ordinary shares	2015 £'000
At 1 January 2015	<u>1</u>
At 31 December 2015	<u>1</u>

Called up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account – includes all current and prior period retained profits and losses.

Drone Hill Wind Farm Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2015

13. Commitments under operating leases

The Company had minimum lease payments under non-cancellable operating leases as follows:

	2015 £'000	2014 £'000
Land and buildings		
Within 1 year	76	75
Between 1 year and 5 years	306	304
Over 5 years	<u>1,377</u>	<u>1,454</u>
	<u>1,759</u>	<u>1,833</u>

14. Note to the Statement of Cash Flows

Reconciliation of profit/(loss) on ordinary activities before tax to net cash flows from operating activities

	2015 £'000	2014 £'000
Profit/(loss) on ordinary activities before tax	2,865	(2,766)
Adjustment for:		
Depreciation (note 7)	1,363	1,337
Loss on disposal of fixed assets (note 7)	109	493
(Increase)/decrease in debtors (note 9)	(248)	786
Decrease in creditors (note 10)	(165)	(249)
Decrease in decommissioning provision (note 11)	-	(556)
Net cash flows from operating activities	<u>3,924</u>	<u>(955)</u>

15. Related party transactions

To the extent not disclosed elsewhere in the financial statements, details of related party transactions and balances are as follows:

The Company made loan repayments to SYND Holdco of £4,141,000 (2014: £294,745) and at the year end the outstanding balance on the loan was £32,129,011 (2014: £36,270,011).

Under the terms of a Management Services Agreement the Company pays Greencoat UK Wind Holdco Limited ("Greencoat Holdco") £30,600 (2014: £30,000) per annum in relation to administration services.

A balance of £11,361 (2014: £nil) was due to Greencoat Holdco on 31 December 2015 in relation to Greencoat Holdco paying a supplier on the Company's behalf.

As at 31 December 2015, £30,600 (2014: £10,761) had been paid in relation to this agreement and £nil was outstanding (2014: £nil).

Drone Hill Wind Farm Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2015

No Director had any interest in any contract or arrangements of a material nature with the Company.

16. Controlling party

The immediate parent company is SYND Holdco which is 51.6% owned by Greencoat Holdco and 48.4% by Swiss Life GIO SYND Limited ("SL GIO"). The ultimate controlling party of Greencoat Holdco is Greencoat UK Wind PLC ("Greencoat PLC") and the ultimate controlling party of SL GIO is Swiss Life Holding AG, a company registered in Switzerland. The financial statements of Swiss Life Holding AG are available to the public and may be obtained from its registered office at General Guisan-Quai 40, 8022 Zurich, Switzerland. On the basis of equity shareholding, the ultimate controlling party of the Company is deemed to be Greencoat PLC, the financial statements of which can be obtained from www.greencoat-ukwind.com.

17. Subsequent events

On 3 February 2016 and 20 May 2016 the Company made a loan repayment of £987,000 and £1,033,000 to SYND Holdco.

There were no other significant events after the year end.

18. Explanation of transition to FRS 102

The Company has adopted FRS 102 for the first time in presenting its results for the year ended 31 December 2015. The last financial statements for the year ended 31 December 2014 were prepared under UK Generally Accepted Accounting Practice. The date of transition was 1 January 2014. The transition to FRS 102 has resulted in no measurement or recognition adjustments. A Statement of Changes in Equity has been presented for the first time.

Viewpoint Code	Shareholder Name	Mailing Address	Shares in issue @Record Date	Dividend	Election	Mailmerge
FI-AT032	Betjeman Limited		31,114	\$8,089.64	Ords	
FI-AT012	Citco Global Custody N.V. Ref 16011		257,326	\$66,904.76	Ords	
FI-AT008	Devoran Trustees Limited (As Trustee of the BT Trailbl		32,165	\$8,362.90	Ords	
FI-AT037	Finnish Fund for Industrial Cooperation Limited		1,244,568	\$323,587.68	Ords	
FI-AT026	Kerstin Birgitta Johansson-Hedberg		12,866	\$3,345.16	Ords	
FI-AT042	Jussi Capital Oy		257,326	\$66,904.76	Ords	
FI-AT007	Susan Elizabeth Lloyd		15,439	\$4,014.14	Ords	
FI-AT002	Ashwath Mehra		32,165	\$8,362.90	Ords	
FI-AT021	Thomfinance OY		94,500	\$24,570.00	Ords	
FI-AT014	Ilmarinen Mutual Pension Insurance Company		4,665,106	\$1,212,927.56	A Ords	